

11-Year Financial Highlights

		2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Medium-Term Management Plan		Change-S2014				ACE-2020				ACE 2.0		
		Investment Amount: ¥41.1 billion		Investment Amount: ¥13.7 billion		Investment Amount: ¥129.1 billion						
Performance (Accounting Fiscal Year):		(Millions of yen)										
Net Sales		¥ 723,212	¥ 759,713	¥ 742,194	¥ 722,384	¥ 783,933	¥ 807,755	¥ 799,559	¥ 625,245	¥ 780,557	¥ 912,896	¥ 900,149
Segments	Functional Materials	169,973	168,238	157,149	153,546	174,922	179,627	169,318	75,294	99,874	156,161	146,804
	Advanced Materials & Processing	239,224	254,165	255,505	242,609	262,831	275,203	267,078	209,715	257,283	220,955	198,543
	Electronics & Energy	137,026	149,947	127,926	127,722	129,324	122,319	115,123	110,770	128,131	136,975	144,758
	Mobility	99,441	109,851	115,351	112,956	129,708	139,235	126,000	78,783	103,389	125,560	132,117
	Life & Healthcare	76,810	76,609	85,571	84,904	86,517	90,794	121,545	150,331	191,634	273,161	277,779
	Others	737	900	689	644	629	574	492	349	244	81	146
Region	Domestic	372,939	374,208	363,038	369,365	395,428	412,617	402,390	221,737	250,360	265,407	268,872
	Overseas	350,272	385,505	379,155	353,019	388,504	395,137	397,169	403,507	530,196	647,489	631,277
Gross Profit		88,936	91,991	91,663	91,503	102,675	105,441	104,901	114,600	139,494	155,410	164,719
Operating Income		15,789	18,153	18,024	15,030	24,118	25,226	19,167	21,916	35,263	33,371	30,618
Profit Attributable to Owners of the Parent		11,663	11,318	12,316	10,331	17,175	20,136	15,144	18,829	25,939	23,625	22,402
Financial Condition:		(Millions of yen)										
Total Assets		¥ 498,141	¥ 546,525	¥ 512,081	¥ 530,775	¥ 569,456	¥ 567,346	¥ 611,477	¥ 640,587	¥ 739,720	¥ 762,688	¥ 792,336
Equity Capital		246,723	281,398	273,963	290,217	303,636	307,674	305,322	329,687	344,261	367,675	394,064
Interest-Bearing Debt		92,828	98,493	87,560	82,046	86,173	85,620	135,974	118,947	166,530	179,697	166,948
Per Share Data:		(Yen)										
Net Income (Basic)		¥ 91.86	¥ 89.10	¥ 96.96	¥ 81.65	¥ 136.34	¥ 161.30	¥ 122.12	¥ 151.91	¥ 213.46	¥ 199.54	¥ 194.96
Net Assets		1,942.20	2,215.18	2,156.67	2,301.10	2,424.97	2,481.01	2,462.04	2,670.09	2,868.22	3,139.26	3,463.84
Cash Dividends		28	30	32	33	40	42	44	46	54	70	80
Payout Ratio (%)		30.5	33.7	33.0	40.4	29.3	26.0	36.0	30.3	25.1	34.9	40.8
Ratios:		(%)										
Overseas Sales to Net Sales		48.4	50.7	51.1	48.9	49.6	48.9	49.7	64.5	67.9	70.9	70.1
Manufacturing Ratio (Operating Income)		23.5	27.8	24.3	39.5	34.2	33.5	40.8	39.8	32.6	27.5	28.9
Operating Margin (Operating Income/Net Sales)		2.2	2.4	2.4	2.1	3.1	3.1	2.4	3.5	4.5	3.7	3.4
Return on Invested Capital (ROIC)		3.43	3.10	3.27	2.78	4.45	5.08	3.57	4.15	5.30	4.38	3.98
Return on Equity (ROE)		4.9	4.3	4.4	3.7	5.8	6.6	4.9	5.9	7.7	6.6	5.9
Shareholders' Equity Ratio		49.5	51.5	53.5	54.7	53.3	54.2	49.9	51.5	46.5	48.2	49.7
Net DE Ratio (Times)		0.2	0.2	0.2	0.1	0.1	0.1	0.3	0.2	0.3	0.4	0.3
Total Return Ratio		30.5	33.7	33.0	51.0	39.5	35.6	36.0	35.2	48.3	58.9	76.5
Shareholders' Equity Dividend Rate		1.5	1.4	1.5	1.5	1.7	1.7	1.8	1.8	1.9	2.3	2.4

(Note 1) The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) since the start of FY2021 (the fiscal year ended March 31, 2022), and retroactively applied it to figures from FY2020 (the fiscal year ended March 31, 2021).

(Note 2) Starting from the fiscal year ended March 31, 2021, overseas sales are calculated by compiling separate totals for each region where consolidated subsidiaries are located. Figures for previous years were calculated by compiling separate totals for each region to which products are shipped.

(Note 3) Business classification has been revised in line with the business segment restructuring implemented in October 2023; business results data for fiscal 2022 are based on the revised business classification.

Consolidated Balance Sheet

As of March 31, 2024

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Current assets:			
Cash and time deposits (Notes 18 and 24)	¥ 59,410	¥ 40,897	\$ 392,378
Notes and accounts receivable and contract assets (Note 18)	321,126	302,105	2,120,904
Inventories (Notes 6 and 7)	147,991	169,721	977,419
Other current assets	14,881	18,429	98,283
Less allowance for doubtful accounts	(940)	(1,021)	(6,208)
Total current assets	542,470	530,132	3,582,788
Non-current assets			
Property, plant and equipment, at cost (Notes 8 and 9):			
Land	20,221	18,839	133,551
Buildings and structures	63,432	64,095	418,942
Machinery, equipment and vehicles	98,976	93,845	653,695
Leased assets	15,053	11,439	99,419
Construction in progress	3,548	2,135	23,433
	201,233	190,355	1,329,060
Less accumulated depreciation	(113,840)	(108,290)	(751,866)
Property, plant and equipment, net (Note 25)	87,392	82,064	577,188
Investments and other assets:			
Investments in securities (Notes 10 and 18):			
Unconsolidated subsidiaries and affiliates	10,286	9,341	67,935
Other	65,939	60,402	435,500
	76,225	69,743	503,434
Long-term loans receivable	326	17	2,153
Goodwill (Note 25)	27,884	29,004	184,162
Technology-based assets	2,761	4,337	18,235
Retirement benefit asset (Note 13)	6,217	2,645	41,061
Deferred tax assets (Note 14)	4,596	3,857	30,355
Other assets (Note 9)	44,638	41,063	294,815
Less allowance for doubtful accounts	(177)	(176)	(1,169)
Total investments and other assets	162,473	150,491	1,073,067
Total non-current assets	249,865	232,556	1,650,254
Total assets (Note 25)	¥ 792,336	¥ 762,688	\$ 5,233,049

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Current liabilities:			
Notes and accounts payable (Note 18)	¥ 156,352	¥ 140,438	\$ 1,032,640
Short-term loans (Notes 11 and 18)	50,731	66,117	335,057
Current portion of long-term loans and lease obligations (Notes 11 and 18)	9,190	3,120	60,696
Commercial papers (Notes 11 and 18)	37,000	38,000	244,370
Current portion of bonds payable (Note 11)	10,000	—	66,046
Accrued income taxes (Note 14)	5,195	2,913	34,311
Accrued expenses	6,543	6,300	43,214
Accrued bonuses for employees	7,569	6,985	49,990
Accrued bonuses for directors and executive officers	251	371	1,658
Other current liabilities	19,841	21,957	131,042
Total current liabilities	302,675	286,203	1,999,042
Long-term liabilities:			
Bonds (Notes 11 and 18)	20,000	30,000	132,092
Long-term loans and lease obligations (Notes 11 and 18)	40,025	42,460	264,348
Deferred tax liabilities (Note 14)	13,567	10,360	89,604
Retirement benefit liability (Note 13)	12,345	13,197	81,534
Provision for directors' stock benefit	60	65	396
Other long-term liabilities	2,345	2,012	15,488
Total long-term liabilities	88,345	98,097	583,482
Contingent liabilities (Note 22)			
Net assets:			
Shareholders' equity (Note 16):			
Common stock:			
Authorized — 346,980,000 shares			
Issued — 117,908,285 shares in 2024 and 117,908,285 shares in 2023	9,699	9,699	64,058
Capital surplus	9,348	10,636	61,740
Retained earnings (Notes 23 and 27)	303,328	290,279	2,003,355
Treasury stock, at cost (Note 17) — 4,143,115 shares in 2024 and 786,718 shares in 2023	(9,543)	(1,550)	(63,028)
Total shareholders' equity	312,832	309,064	2,066,125
Accumulated other comprehensive income:			
Net unrealized holding gain on securities (Note 10)	33,763	28,928	222,991
Deferred gain (loss) on hedges (Note 19)	119	(7)	786
Translation adjustments	44,846	30,414	296,189
Retirement benefit liability adjustments (Note 13)	2,503	(726)	16,531
Total accumulated other comprehensive income	81,232	58,610	536,504
Non-controlling interests			
	7,250	10,713	47,883
Total net assets	401,315	378,388	2,650,518
Total liabilities and net assets	¥ 792,336	¥ 762,688	\$ 5,233,049

See notes to consolidated financial statements.

Consolidated Statement of Income

Year ended March 31, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Net sales (Note 25)	¥ 900,149	¥ 912,896	\$ 5,945,109
Cost of sales (Note 7)	735,430	757,486	4,857,209
Gross profit	164,719	155,410	1,087,900
Selling, general and administrative expenses (Notes 20 and 21)	134,100	122,038	885,675
Operating income (Note 25)	30,618	33,371	202,219
Other income (expenses):			
Interest and dividend income	2,164	1,734	14,292
Interest expense	(3,744)	(3,211)	(24,728)
Equity in earnings of affiliates	568	318	3,751
Gain on sales of shares of subsidiaries and affiliates	—	52	—
Gain on sales of investments in securities (Note 10)	5,591	6,587	36,926
Loss on sales of shares of subsidiaries and affiliates	—	(466)	—
Gain on sales of investments in capital of subsidiaries and affiliates	—	147	—
Loss on sales of investment securities	(21)	(7)	(139)
Loss on devaluation of investments in securities (Note 10)	(135)	(2,120)	(892)
Gain on sales of property, plant and equipment	83	144	548
Loss on sales of property, plant and equipment	(41)	(87)	(271)
Loss on disposal of property, plant and equipment	(1,422)	(998)	(9,392)
Loss on impairment of fixed assets (Notes 9 and 25)	(2,276)	(2,838)	(15,032)
Gain on change in equity	—	449	—
Subsidy income	512	25	3,382
Other, net	767	37	5,066
Profit before income taxes	32,665	33,137	215,739
Income taxes (Note 14):			
Current	10,627	9,621	70,187
Deferred	(815)	(694)	(5,383)
Profit	22,853	24,210	150,935
Profit attributable to:			
Non-controlling interests	(450)	(584)	(2,972)
Owners of parent	¥ 22,402	¥ 23,625	\$ 147,956

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended March 31, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Profit	¥ 22,853	¥ 24,210	\$ 150,935
Other comprehensive income (Note 12):			
Net unrealized holding loss on securities	4,827	(2,794)	31,880
Deferred gain (loss) on hedges	126	(186)	832
Translation adjustments	14,738	16,852	97,338
Retirement benefit liability adjustments	3,229	(564)	21,326
Share of other comprehensive income of affiliates accounted for by the equity method	560	477	3,699
	23,482	13,784	155,089
Comprehensive income	¥ 46,335	¥ 37,994	\$ 306,023
Total comprehensive income attributable to:			
Owners of parent	¥ 45,024	¥ 36,838	\$ 297,365
Non-controlling interests	¥ 1,310	¥ 1,156	\$ 8,652

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2024

	Millions of yen											
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred (loss) gain on hedges	Translation adjustments	Retirement benefit liability adjustments (Note 13)	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2022	¥ 9,699	¥ 10,639	¥ 280,015	¥ (1,534)	¥ 298,820	¥ 31,732	¥ 178	¥ 13,690	¥ (161)	¥ 45,441	¥ 10,830	¥ 355,092
Profit attributable to owners of parent	—	—	23,625	—	23,625	—	—	—	—	—	—	23,625
Cash dividends	—	—	(7,150)	—	(7,150)	—	—	—	—	—	—	(7,150)
Purchases of treasury stock	—	—	—	(5,662)	(5,662)	—	—	—	—	—	—	(5,662)
Retirement of treasury stock	—	—	(5,645)	5,645	—	—	—	—	—	—	—	—
Changes in parent's ownership interest due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Decrease in retained earnings resulting from changes in scope of consolidation	—	(3)	—	—	(3)	—	—	—	—	—	—	(3)
Decrease in retained earnings resulting from changes in scope of equity method	—	—	(330)	—	(330)	—	—	—	—	—	—	(330)
Changes in accounting period of consolidated subsidiaries	—	—	(234)	—	(234)	—	—	—	—	—	—	(234)
Other changes	—	—	—	—	—	(2,804)	(186)	16,723	(564)	13,169	(117)	13,051
Balance at April 1, 2023	9,699	10,636	290,279	(1,550)	309,064	28,928	(7)	30,414	(726)	58,610	10,713	378,388
Cumulative effects of changes in accounting policies (Note 3)	—	—	(72)	—	(72)	—	—	—	—	—	—	—
Adjusted balance at April 1, 2023	9,699	10,636	290,207	(1,550)	308,992	28,928	(7)	30,414	(726)	58,610	10,713	378,315
Profit attributable to owners of parent	—	—	22,402	—	22,402	—	—	—	—	—	—	22,402
Cash dividends	—	—	(9,281)	—	(9,281)	—	—	—	—	—	—	(9,281)
Purchases of treasury stock	—	—	—	(8,001)	(8,001)	—	—	—	—	—	—	(8,001)
Disposal of treasury stock	—	—	—	7	7	—	—	—	—	—	—	7
Changes in parent's ownership interest due to transactions with non-controlling interests	—	(1,287)	—	—	(1,287)	—	—	—	—	—	—	(1,287)
Other changes	—	—	—	—	—	4,834	126	14,431	3,229	22,622	(3,462)	19,159
Balance at March 31, 2024	¥ 9,699	¥ 9,348	¥ 303,328	¥ (9,543)	¥ 312,832	¥ 33,763	¥ 119	¥ 44,846	¥ 2,503	¥ 81,232	¥ 7,250	¥ 401,315

See notes to consolidated financial statements.

	Thousands of U.S. dollars (Note 1)											
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred (loss) gain on hedges	Translation adjustments	Retirement benefit liability adjustments (Note 13)	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2023	\$64,058	\$70,246	\$1,917,172	\$(10,237)	\$2,041,239	\$191,057	\$(46)	\$200,872	\$(4,795)	\$387,095	\$70,755	\$2,499,095
Cumulative effects of changes in accounting policies (Note 3)	—	—	(476)	—	(476)	—	—	—	—	—	—	(476)
Adjusted balance at April 1, 2023	64,058	70,246	1,916,696	(10,237)	2,040,763	191,057	(46)	200,872	(4,795)	387,095	70,755	2,498,613
Profit attributable to owners of parent	—	—	147,956	—	147,956	—	—	—	—	—	—	147,956
Cash dividends	—	—	(61,297)	—	(61,297)	—	—	—	—	—	—	(61,297)
Purchases of treasury stock	—	—	—	(52,843)	(52,843)	—	—	—	—	—	—	(52,843)
Disposal of treasury stock	—	—	—	46	46	—	—	—	—	—	—	46
Changes in parent's ownership interest due to transactions with non-controlling interests	—	(8,500)	—	—	(8,500)	—	—	—	—	—	—	(8,500)
Other changes	—	—	—	—	—	31,927	832	95,311	21,326	149,409	(22,865)	126,537
Balance at March 31, 2023	\$64,058	\$61,740	\$2,003,355	\$(63,028)	\$2,066,125	\$222,991	\$786	\$296,189	\$16,531	\$536,504	\$47,883	\$2,650,518

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Operating activities:			
Profit before income taxes	¥ 32,665	¥ 33,137	\$ 215,739
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization other than amortization of goodwill	13,998	12,377	92,451
Loss on impairment of fixed assets	2,276	2,838	15,032
Amortization of goodwill	2,627	2,545	17,350
Subsidy income	(512)	(25)	(3,382)
Share of gain of entities accounted for using equity method	(568)	(318)	(3,751)
Gain on change in equity	—	(449)	—
Increase (decrease) in retirement benefit liability	3,775	(609)	24,932
Decrease (increase) in retirement benefit asset	495	(55)	3,269
Interest and dividend income	(2,164)	(1,734)	(14,292)
Interest expense	3,744	3,211	24,728
Exchange gain, net	(1,652)	(891)	(10,911)
Gain on sales of investments in securities	(5,570)	(6,312)	(36,788)
Loss on valuation of investment securities	135	2,120	892
Changes in operating assets and liabilities:			
Notes and accounts receivable	(7,373)	(5,171)	(48,696)
Inventories	31,626	(1,275)	208,877
Notes and accounts payable	8,844	(13,584)	58,411
Other, net	188	(1,462)	1,242
Subtotal	82,537	24,341	545,123
Interest and dividends received	2,589	2,418	17,099
Interest paid	(3,865)	(3,058)	(25,527)
Subsidy income	512	—	3,382
Income taxes paid	(8,814)	(14,286)	(58,213)
Net cash provided by operating activities	¥ 72,959	¥ 9,414	\$ 481,864
Investing activities:			
Purchases of property, plant and equipment	¥ (14,019)	¥ (12,029)	\$ (92,590)
Proceeds from sales of property, plant and equipment	585	540	3,864
Purchases of intangible fixed assets included in other assets	(3,735)	(4,888)	(24,668)
Purchases of investments in securities	(623)	(437)	(4,115)
Proceeds from sales of investments in securities	7,154	7,474	47,249
Purchases of investments in capital	(205)	—	(1,354)
Proceeds from sales of investments in capital	—	178	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(244)	—	(1,612)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	2,040	—
Increase in short-term loans receivable included in other current assets, net	(316)	(623)	(2,087)
Decrease in time deposits, net	378	337	2,497
Subsidy income	—	25	—
Other, net	(601)	(650)	(3,969)
Net cash used in investing activities	(11,627)	(8,031)	(76,791)
Financing activities:			
Decrease in short-term loans, net	(22,408)	(11,961)	(147,996)
(Decrease) increase in commercial papers, net	(1,000)	13,000	(6,605)
Proceeds from long-term loans	1,000	5,000	6,605
Repayments of long-term loans	(1,055)	(8,623)	(6,968)
Proceeds from issuance of bonds	—	10,000	—
Redemption of bonds	—	(10,000)	—
Purchase of treasury stock	(8,001)	(5,662)	(52,843)
Cash dividends paid	(9,281)	(7,150)	(61,297)
Cash dividends paid to non-controlling interests	(603)	(1,133)	(3,983)
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	(6,025)	—	(39,793)
Other, net	(670)	(716)	(4,425)
Net cash used in financing activities	(48,046)	(17,247)	(317,324)
Effects of exchange rate changes on cash and cash equivalents	5,569	3,064	36,781
Net increase (decrease) in cash and cash equivalents	18,854	(12,800)	124,523
Cash and cash equivalents at beginning of the year	40,331	53,336	266,369
Decrease in cash and cash equivalents resulting from changes in fiscal year-end of consolidated subsidiaries	—	(204)	—
Cash and cash equivalents at end of the year (Note 23)	¥ 59,185	¥ 40,331	\$ 390,892

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended March 31, 2024

1. BASIS OF PREPARATION

The accompanying consolidated financial statements of NAGASE & CO., LTD. (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

Certain amounts in the prior year’s consolidated financial statements have been reclassified to conform to the current

year’s presentation. Such reclassifications had no effect on consolidated profit or net assets.

The U.S. dollar amounts in the accompanying consolidated financial statements have been translated from yen amounts solely for the convenience of the reader, as a matter of arithmetic computation only, at ¥151.41 = U.S.\$1.00, the rate of exchange prevailing on March 31, 2024. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 75 significant domestic and foreign subsidiaries, the management of which is controlled by the Company. The changes in the scope of consolidation are as follows.

[Increase]

- Flavor Tec - Aromas de Frutas Ltda (acquisition of equity interests on June 28, 2023)
- Fruttini Sucos de Frutas Ltda (acquisition of equity interests on June 28, 2023)

[Decrease]

- INFINITE MATERIAL SOLUTIONS, LLC (dissolved in an absorption-type merger, in which consolidated subsidiary INTERFACIAL CONSULTANTS LLC was the surviving company, on April 1, 2023)
- PRINOVA GERMANY LIMITED (liquidation on April 11, 2023)
- Inkron Technologies GmbH (liquidation on May 17, 2023)
- Lakeshore Technologies, LLC (dissolved in an absorption-type merger, in which consolidated subsidiary Prinova US LLC was the surviving company, on January 1, 2024)

Affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method. The Company has 19 affiliates accounted for by the equity method. The changes in the scope of application of the equity method are as follows. [Decrease]

- Sun Delta Corporation (liquidation on November 28, 2023)

All significant intercompany balances and transactions have been eliminated in consolidation. The 7 subsidiaries were excluded from the scope of consolidation because the effect

of their sales, net profit or loss, total assets and retained earnings on the accompanying consolidated financial statements was immaterial. The main unconsolidated subsidiary is CHOKO CO., LTD. The 7 unconsolidated subsidiaries and 5 affiliates not accounted for by the entity method were excluded from the scope of application of the equity method, because their profit or loss and retained earnings attributable to the Company’s interest were not material to the consolidated financial statements. The main affiliates is ON Colors & Chemicals (Shanghai) Co., Ltd.

Of the Company’s subsidiaries, 33 have a December 31 year end, which is different from that of the Company. The financial statements of 11 subsidiaries have been included in consolidation based on a provisional statement of accounts for a full fiscal year ending March 31. As for the other 22 subsidiaries, adjustments have been made for any significant intercompany transactions that took place during the period between the year end of these subsidiaries and the year end of the Company.

Unrealized intercompany gains among the Company and the consolidated subsidiaries have been entirely eliminated and the portion attributable to non-controlling interests has been charged to non-controlling interests.

(b) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except that receivables and payables hedged by qualified foreign currency forward exchange contracts are translated at the corresponding contract rates. All other assets and liabilities denominated in foreign currencies are translated at their historical rates.

Gain or loss on each translation is credited or charged to income.

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates in effect at the respective transaction dates. Foreign exchange gain or loss is credited or charged to income in the period in which such gain or loss is recognized for financial reporting purposes.

The balance sheet accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except that the components of net assets excluding non-controlling interests, net unrealized holding gain on securities, and deferred gain or loss on hedges are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rates of exchange in effect during the year. Adjustments resulting from translating financial statements whose accounts are denominated in foreign currencies are not included in the determination of profit but are reported as “Translation adjustments” as a component of accumulated other comprehensive income or loss in the accompanying consolidated balance sheets.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments which are readily convertible to cash and subject to an insignificant risk of any change in their value, which were purchased with an original maturity of three months or less.

(d) Inventories

Inventories are stated at the lower of cost or the net selling value, cost being determined primarily by the moving-average method.

(e) Investments in Securities

Securities are classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain and loss, both realized and unrealized, are credited or charged to income. Held-to-maturity debt securities are stated at their amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of accumulated other comprehensive income or loss. Non-marketable securities classified as other securities are carried at cost determined by the moving-average method.

(f) Property, Plant and Equipment and Depreciation (except for leased assets)

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment is calculated by the straight-line method based on the estimated useful lives of the respective assets.

The estimated useful lives of the principal assets are as follows:

Buildings (other than structures attached to the buildings)	15 to 50 years
Machinery and equipment	2 to 20 years

(g) Intangible Assets (except for leased assets)

Technology-based assets recognized upon acquisition are amortized on a straight-line basis over 13 to 17 years.

Costs incurred for computer software obtained for internal use are capitalized and amortized on a straight-line basis over an estimated useful life of 5 years.

(h) Goodwill

Goodwill is amortized over a period not exceeding 20 years on a straight-line basis. When immaterial, goodwill is charged to income as incurred.

(i) Leased Assets

Leased assets under finance lease contracts which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method over the respective lease terms.

(j) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide allowances for doubtful accounts based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific doubtful accounts from customers experiencing financial difficulties.

(k) Income Taxes

Income taxes are calculated based on taxable income and charged to income on an accrual basis. Deferred tax assets and liabilities are computed based on the temporary differences between the financial reporting and the tax bases of the assets and liabilities that will result in taxable or deductible amounts in the future. Computations of deferred tax assets and liabilities are based on the tax rates which have been enacted as of the balance sheet date. The Company and certain subsidiaries shifted to the stand-alone taxation system in the current fiscal year in conjunction with the abolishment of the consolidated taxation system.

(l) Accrued Bonuses for Employees

Accrued bonuses for employees are provided based on the estimated amount of bonuses to be paid to employees in the following fiscal year which is attributable to the current fiscal year.

(m) Accrued Bonuses for Directors and Executive Officers

Accrued bonuses for directors and executive officers are provided based on the estimated amount of bonuses to be paid to directors and executive officers in the following fiscal year which is attributable to the current fiscal year.

(n) Provision for Directors' Stock Benefit

In order to provide for the payment of shares, etc. of the Company to Directors (excluding Outside Directors) and executive officers, the estimated amount of stock-based compensation payable in accordance with the Stock-Grant Rules for Directors (internal rules) is recorded.

(o) Retirement Benefit Liability

Retirement benefit liability is provided based on the amount

of the retirement benefit obligation less estimated pension plan assets at the end of the fiscal year. The estimated benefit is attributed to each period based on the plan's benefit formula.

Prior service cost is charged to income in the fiscal year in which such cost is recognized for financial reporting purposes. Actuarial differences are principally credited or charged to income in the fiscal year following the fiscal year in which such differences are recognized for financial reporting purposes.

(p) Accounting for Significant Revenues and Expenses

The following is a description of the principal performance obligations of the Company and its consolidated subsidiaries' principal businesses relating to revenue from contracts with customers and the usual timing at which point such performance obligations are satisfied (the usual time at which revenue is recognized).

Sales of merchandise and products are classified based on the reportable segments and revenue is recognized primarily at the time the merchandise and products are delivered to the customer, since the risks and economic value of ownership of the products are transferred and the right to receive payment is established at that time. In addition, the Group may act as an agent in certain transactions. The consideration from the customer is received primarily within one year of satisfying the performance obligation and does not include a significant financing component.

When the Group is acting as a principal in a transaction, revenue is recognized at the gross amount of consideration received from the customer, and when the Group is acting as an agent for a third party, revenue is presented in a net amount of fees received, which is the gross amount of consideration received from the customer less the amount collected for the third party.

(q) Derivatives and Hedging Activities

Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets. Foreign currency receivables and payables hedged by qualified foreign currency forward exchange contracts are translated at the corresponding foreign exchange contract rates (“allocation

method”). Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying loans.

Derivative financial instruments are utilized principally in order to manage the risk arising from adverse fluctuation in foreign currency exchange rates and interest-rate swaps are also utilized to mitigate the risk of fluctuation in interest rates on loans. Hedging instruments are foreign currency forward exchange contracts, foreign currency deposits, foreign currency loans and interest-rate swaps. Hedged items are foreign currency receivables and payables, forecast transactions and interest rates on loans from financial institutions.

The Company and its consolidated subsidiaries (collectively, the “Group”) manage derivative transactions in accordance with internal management rules. Under these rules, the Group conducts foreign currency forward exchange contracts within a range of actual demand of accounts receivable, accounts payable and actual transactions in foreign currencies. Execution and management of interest-rate swaps are based on internal management rules and hedged items of interest-rate swaps are identified by individual contracts.

The Company and certain consolidated subsidiaries assess the effectiveness of the hedging activities based on a comparison of the accumulated fluctuations of the hedged items and those of the hedging instruments in the period from the start of the hedging activities to the assessment date. However, with regard to interest-rate swaps which meet certain conditions, the evaluation of effectiveness is omitted.

(r) Research and Development Costs

Research and development costs are charged to income when incurred.

(s) Distributions of Retained Earnings

Dividends and other distributions of retained earnings are approved by the shareholders at a meeting held subsequent to the end of the fiscal year to which such distributions are applicable. The accompanying consolidated financial statements do not, however, reflect the applicable distributions of retained earnings as approved by the shareholders subsequent to the fiscal year end. (Refer to Note 27(a).)

3. ACCOUNTING CHANGES

(a) Adoption of U.S. FASB Accounting Standards Codification (ASC) No. 326, Financial Instruments—Credit Losses

Certain foreign consolidated subsidiaries that adopted U.S. GAAP apply ASC No. 326, Financial Instruments-Credit Losses, at the beginning of the current consolidated fiscal year. As a result, the subsidiaries are required to revise the methods used to measure financial instruments and recognize impairment of financial assets using the expected credit loss model. In applying this accounting standard, the subsidiaries recognized the cumulative effect as of the date of adoption, which is permitted under the transitional provisions. The impact of this accounting treatment on the consolidated statements is immaterial.

(b) Changes in Significant Hedge Accounting Methods

The Company previously used the allocation method for foreign currency receivables and payables with foreign exchange contracts, if receivables and payables qualified for the allocation method. However, from the consolidated third quarter of the current fiscal year, the Company changed its hedge accounting method from the allocation method to the principle accounting method.

As the Company reforms its enterprise system, the Company reviewed its management of foreign exchange contracts and changed the method to reflect derivative transactions more appropriately in Company financial statements.

Note that as impact from this change in accounting methods is minor, the change is not applied retrospectively.

4. SIGNIFICANT ACCOUNTING ESTIMATES

Assessment of impairment of property, plant and equipment and intangible fixed assets

(a) Amounts recorded in the consolidated financial statements as of March 31, 2024 and 2023, and for the years then ended are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Property, plant and equipment	¥ 87,392	¥ 82,064	\$ 577,188
Intangible fixed assets	69,349	68,928	458,021
Impairment losses	2,276	2,838	15,032

(b) Information about significant accounting estimates pertaining to identified items

(i) Method of calculation

Non-current assets are grouped into the smallest units that generate cash flows, and are measured for impairment if any indication of impairment exists and, if so, whether an impairment loss should be recognized.

For the grouping of non-current assets, idle assets are grouped individually, and business assets are grouped mainly by company or plant. Goodwill is principally allocated to larger unit that includes related business-use assets.

Undiscounted future cash flows used to determine whether impairment losses need to be recognized are calculated in consideration of main assets' economic useful lives, etc., based on future business plans.

Impairment losses are measured by calculating the recoverable amount of the relevant asset or asset

group as the higher of net selling value or the value in use, and the difference between the book value and the recoverable amount is recorded as an impairment loss for the current fiscal year. The discount rate used for the calculation of the value in use is basically determined using the time value of money taking into account the risk related to the business.

(ii) Key assumptions used in the calculation

The key assumptions are the projected sales and costs of sales included in future business plans, and the discount rate used to calculate the value in use.

(iii) Effects on consolidated financial statements for the next fiscal year

If the actual profit or loss of each asset or asset group falls below the business plan, or if there is a significant change in the assumptions on which future business plans are based, the recoverable amount may fall below the book value and an impairment loss may be recognized in the next fiscal year.

5. ADDITIONAL INFORMATION

Stock-Based Compensation Plan

Effective as of the previous consolidated fiscal year, the Company has adopted a stock-based compensation plan ("Plan") for directors (excluding outside directors) and executive officers (collectively, "Eligible Individuals"). The purpose of the Plan is to establish a clear link between compensation for Eligible Individuals and Company performance and share value, as well as for Eligible Individuals to share the benefits and risks associated with fluctuations in NAGASE share price with shareholders. In this way, the NAGASE Group intends to raise Eligible Individual's awareness about contributing to improved business performance and increased corporate value over the medium to long term.

(i) Overview

The Plan is a stock-based compensation plan under which

a trust ("Trust") established by monetary contribution from the Company acquires Company shares. The Company grants points to each Eligible Individual, and the Trust delivers the number of Company shares equivalent to the points earned by each Eligible Individual. In principle, said delivery is made at the time of the retirement the Eligible Individual.

(ii) Company shares remaining in the Trust

Company shares remaining in the Trust are recorded as treasury stock under net assets in the consolidated balance sheet based on the carrying value in the Trust (excluding related expenses). The carrying value and number of shares of treasury stock is ¥619 million and 292,200 shares, respectively, as of March 31, 2023, and ¥612 million and 288,500 shares, respectively, as of March 31, 2024.

6. INVENTORIES

Inventories at March 31, 2024 and 2023 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Merchandise and finished goods	¥ 131,137	¥ 152,504	\$ 866,105
Work in process	2,594	2,446	17,132
Raw materials and supplies	14,259	14,770	94,175
Total	¥ 147,991	¥ 169,721	\$ 977,419

7. LOSS ON DEVALUATION OF INVENTORIES INCLUDED IN COST OF SALES

The balance of inventories at the end of the year is the amount after writing down book values due to decline in profitability and following loss on devaluation of inventories is included in cost of sales for the year ended March 31, 2024 and 2023:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Loss on devaluation of inventories included in cost of sales	¥ 2,076	¥ 2,010	\$ 13,711

8. REDUCTIONS IN ACQUISITION COSTS DUE TO SUBSIDIES

The amounts of subsidies received from the Japanese national government and deducted from the acquisition costs of property, plant and equipment at March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Buildings and structures	¥ 401	¥ 403	\$ 2,648
Machinery, equipment and vehicles	730	730	4,821
Land	190	190	1,255
Total	¥ 1,322	¥ 1,324	\$ 8,731

9. LOSS ON IMPAIRMENT OF FIXED ASSETS

Loss on impairment of fixed assets for the years ended March 31, 2024 and 2023 was as follows:

Major use	Classification	Area	Millions of yen	Thousands of U.S. dollars
			2024	2024
Business-use assets for manufacturing and selling of color formers	Buildings and structures, machinery, equipment and vehicles, and tangible assets included in other assets, and intangible assets included in other assets	Hokuriku		
			¥ 2,276	\$ 15,032
Total			¥ 2,276	\$ 15,032

Major use	Classification	Area	Millions of yen
			2023
Business-use assets for product and manufacturing process development in the resin field	Machinery, equipment and vehicles, Leased assets and other assets included in Investments and other assets	Wisconsin, USA	
			¥ 2,285
Business-use assets for development and manufacturing of water-soluble support materials for 3D printing	Machinery, equipment and vehicles and other assets included in Investments and other assets	Wisconsin, USA	539
Idle assets	Buildings and structures, and Land	Kanto	12
Total			¥ 2,838

The Company and its consolidated subsidiaries group fixed assets for business use principally based on business management segments. Fixed assets to be disposed of and idle assets are grouped individually as the smallest cash-generating units.

For the year ended March 31, 2023, the book values of certain fixed assets for business-use were reduced to their recoverable amounts, because the future cash flows fell below the book value as a result of reviewing the future business plans. As for idle assets, due to a declining fair value, the carrying values were reduced to their recoverable amounts.

The recoverable amounts were measured at the net selling value or the value in use. Net selling value is based on

the assessed value for property tax purposes or the appraised value of real estate. The recoverable amounts for business-use assets were measured at the net selling value.

For the year ended March 31, 2024, the book values were reduced to their recoverable amounts due to deterioration in profitability.

The recoverable amounts were measured at the net selling value or the value in use. Net selling value is based on the assessed value for property tax purposes or the appraised value of real estate.

The business-use assets related to the color former manufacturing business were measured based on the net selling price.

10. INVESTMENTS IN SECURITIES

(a) Marketable securities classified as other securities at March 31, 2024 and 2023 are summarized as follows:

	Millions of yen					
	2024			2023		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities	¥ 59,580	¥ 11,829	¥ 47,751	¥ 53,460	¥ 12,004	¥ 41,456
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	1,535	1,825	(290)	2,389	3,056	(667)
Total	¥ 61,116	¥ 13,654	¥ 47,461	¥ 55,849	¥ 15,061	¥ 40,788

	Thousands of U.S. dollars		
	2024		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities	\$ 393,501	\$ 78,126	\$ 315,375
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	10,138	12,053	(1,915)
Total	\$ 403,646	\$ 90,179	\$ 313,460

"Acquisition costs" in the above table represent the carrying value after recognizing impairment losses.

(b) Securities classified as other securities whose market value is not available and not included in the table (a) at March 31, 2024 and 2023 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
	Carrying value	Carrying value	Carrying value
Market value not available:			
Unlisted equity securities	¥ 4,823	¥ 4,552	\$ 31,854
Total	¥ 4,823	¥ 4,552	\$ 31,854

(c) Proceeds from sales of, and gross realized gain and loss on, other securities for the years ended March 31, 2024 and 2023 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Proceeds from sales	¥ 7,184	¥ 7,448	\$ 47,447
Gain on sales	5,591	6,584	36,926
Loss on sales	21	7	139

(d) A breakdown of loss on devaluation of investments in securities for the years ended March 31, 2024 and 2023 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Loss on devaluation of investments in securities (*)			
Securities classified as other securities	¥ 125	¥ 2,028	\$ 826
Other investments in capital	9	81	59
Investments in capital of subsidiaries and affiliates	—	10	—
Total loss on devaluation of investments in securities	¥ 135	¥ 2,120	\$ 885

(*) Loss on devaluation of investments in securities is recorded on securities with market value whose market value at the end of the fiscal year has declined by 50% or more from its acquisition cost, or whose market value has declined by 30% or more but less than 50% based on the amount deemed unrecoverable.

In addition, loss on devaluation of investments in securities is recorded on securities whose market value is not available by writing down the carrying value to fair value when the decline in fair value is deemed to be unrecoverable considering the financial position of the issuers, etc., of the securities.

11. SHORT-TERM LOANS, BONDS, LONG-TERM LOANS, COMMERCIAL PAPERS AND LEASE OBLIGATIONS

Short-term loans at March 31, 2024 and 2023 principally represented loans and commercial papers in the form of deeds at weighted-average annual interest rates of 5.35% and 5.06% per annum, respectively.
Long-term loans, bonds and lease obligations at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unsecured loans from banks and insurance companies, payable in Yen and U.S. dollars due through 2032, at rates from 0.20% to 5.50%	¥ 34,479	¥ 33,754	\$ 227,719
Unsecured bonds in Yen, due 2024, at a rate of 0.150%	10,000	10,000	66,046
Unsecured bonds in Yen, due 2029, at a rate of 0.290%	10,000	10,000	66,046
Unsecured bonds in Yen, due 2032, at a rate of 0.640%	10,000	10,000	66,046
Lease obligations	14,736	11,826	97,325
	79,216	75,580	523,189
Less current portion	(19,190)	(3,120)	(126,742)
Total	¥ 60,025	¥ 72,460	\$ 396,440

The aggregate annual maturities of bonds, long-term loans and lease obligations subsequent to March 31, 2024 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2025	¥ 19,190	\$ 126,742
2026	8,381	55,353
2027	17,006	112,318
2028	6,684	44,145
2029	1,523	10,059
2030 and thereafter	26,429	174,553
Total	¥ 79,216	\$ 523,189

In order to achieve more efficient and flexible financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these lines of credit at March 31, 2024 and 2023 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Lines of credit	¥ 20,000	¥ 20,000	\$ 132,092
Credit utilized	—	—	—

12. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net unrealized holding loss on securities:			
Amount arising during the year	¥ 12,344	¥ 2,840	\$ 81,527
Reclassification adjustments for gains and losses realized in the statement of income	(5,570)	(6,671)	(36,788)
Amount before tax effect	6,774	(3,830)	44,739
Tax effect	(1,946)	1,036	(12,853)
Net unrealized holding loss on securities	4,827	(2,794)	31,880
Deferred gain (loss) on hedges:			
Amount arising during the year	(7)	(460)	(46)
Reclassification adjustments for gains and losses realized in the statement of income	189	192	1,248
Amount before tax effect	182	(268)	1,202
Tax effect	(55)	82	(363)
Deferred gain (loss) on hedges	126	(186)	832
Translation adjustments:			
Amount arising during the year	14,738	16,852	97,338
Reclassification adjustments for gains and losses realized in the statement of income	—	—	—
Amount before tax effect	14,738	16,852	97,338
Tax effect	—	—	—
Translation adjustments	14,738	16,852	97,338
Retirement benefit liability adjustments:			
Amount arising during the year	3,697	(1,042)	24,417
Reclassification adjustments for gains and losses realized in the statement of income	970	229	6,406
Amount before tax effect	4,668	(813)	30,830
Tax effect	(1,438)	248	(9,497)
Retirement benefit liability adjustments	3,229	(564)	21,326
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	560	477	3,699
Total other comprehensive income	¥ 23,482	¥ 13,784	\$ 155,089

13. RETIREMENT BENEFIT PLANS

(a) Outline of retirement benefit plans for employees

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., defined benefit pension plans and lump-sum payment plans. Certain overseas consolidated subsidiaries also have defined benefit plans. Also, the Company and certain consolidated subsidiaries have defined contribution pension plans. In addition to the retirement benefit plans described above, the Company and its consolidated subsidiaries pay additional retirement benefits under certain conditions.

(b) Defined benefit plans

The changes in the retirement benefit obligation for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at the beginning of the year	¥ 33,786	¥ 34,218	\$ 223,142
Service cost	1,294	1,272	8,546
Interest cost	226	232	1,493
Actuarial differences	(2,915)	45	(19,252)
Retirement benefits paid	(1,887)	(1,743)	(12,463)
Changes in scope of consolidation	—	(262)	—
Other	(209)	23	(1380)
Balance at the end of the year	¥ 30,293	¥ 33,786	\$ 200,073

The changes in plan assets for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Balance at the beginning of the year	¥ 23,234	¥ 24,119	\$ 153,451
Expected return on plan assets	469	502	3,098
Actuarial differences	778	(989)	5,138
Contributions by the Company and its consolidated subsidiaries	612	595	4,042
Retirement benefits paid	(944)	(1,001)	(6,235)
Other	15	8	99
Balance at the end of the year	¥ 24,165	¥ 23,234	\$ 159,600

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2024 and 2023 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Funded retirement benefit obligation	¥ 18,324	¥ 21,168	\$ 121,022
Plan assets at fair value	(24,165)	(23,234)	(159,600)
	(5,841)	(2,065)	(38,577)
Unfunded retirement benefit obligation	11,969	12,618	79,050
Net retirement benefit liability in the balance sheet	6,127	10,552	40,466
Retirement benefit liability	12,345	13,197	81,534
Retirement benefit asset	(6,217)	(2,645)	(41,061)
Net retirement benefit liability in the balance sheet	¥ 6,127	¥ 10,552	\$ 40,466

The components of retirement benefit expenses for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Service cost	¥ 1,294	¥ 1,272	\$ 8,546
Interest cost	226	232	1,493
Expected return on plan assets	(469)	(502)	(3,098)
Amortization of actuarial differences	970	229	6,406
Retirement benefit expense	¥ 2,021	¥ 1,232	\$ 13,348

Actuarial differences included in other comprehensive income (loss) (before tax effect) for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Actuarial differences	¥ 4,668	¥ (813)	\$ 30,830

Unrecognized actuarial differences included in accumulated other comprehensive income (before tax effect) as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unrecognized actuarial differences	¥ 3,636	¥ (1,032)	\$ 24,014

The allocation of plan assets, by major category, as a percentage of total plan assets at fair value as of March 31, 2024 and 2023 is as follows:

	2024	2023
Bonds	61%	64%
Equity securities	20	18
Alternative investments (*)	16	17
Other	3	1
Total	100%	100%

(*) "Alternative investments" consist of insurance-linked securities and private REITs.

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and in the future, and expected long-term rate of return from multiple plan assets at present and in the future.

The assumptions used in accounting for the above plans were as follows:

	2024	2023
Discount rate	1.6%	0.7%
Expected long-term rate of return on plan assets	2.0%	2.0%

(c) Defined contribution plans

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Contributions to defined contribution plans by the Company and its consolidated subsidiaries	¥ 779	¥ 740	\$ 5,145

14. INCOME TAXES

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation, inhabitants' and enterprise taxes, which, in the aggregate, resulted in statutory tax rates of approximately 30.6% for the years ended March 31, 2024 and 2023.

The effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2024 and 2023 differ from the statutory tax rates for the following reasons:

	2024	2023
Statutory tax rates	30.6%	30.6%
Adjustments for:		
Expenses not deductible for income tax purposes	1.0	2.0
Dividends and other income deductible for income tax purposes	(6.8)	(8.4)
Net adjustment resulting from elimination of dividend income upon consolidation	7.4	9.6
Different tax rates applied at overseas subsidiaries	(4.7)	(4.1)
Tax credit	(1.9)	(2.7)
Amortization of goodwill	2.5	2.4
Adjustment of book value of shares of subsidiaries for consolidated taxation system	—	0.5
Equity in losses (gains) of affiliates	(0.5)	(0.3)
Valuation allowance	4.8	(3.2)
Decrease in deferred tax assets resulting from change in statutory tax rate	(1.5)	(0.6)
Other, net	(0.8)	1.2
Effective tax rates	30.0%	26.9%

The significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities at March 31, 2024 and 2023 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Accrued bonuses for employees	¥ 1,854	¥ 1,680	\$ 12,245
Allowance for doubtful accounts	249	119	1,645
Unrealized gain on inventories	703	717	4,643
Accrued enterprise taxes	291	145	1,922
Tax loss carryforwards	2,340	2,441	15,455
Retirement benefit liability	1,792	3,161	11,835
Investments in securities	2,209	3,428	14,590
Loss on impairment of fixed assets	1,309	672	8,645
Other	8,426	6,807	55,650
Gross deferred tax assets	19,178	19,174	126,663
Valuation allowance	(6,695)	(6,691)	(44,218)
Total deferred tax assets	¥ 12,482	¥ 12,482	\$ 82,438
Deferred tax liabilities:			
Technology-based assets	¥ (841)	¥ (1,321)	\$ (5,554)
Deferred capital gain on property	(929)	(936)	(6,136)
Reserve for special depreciation	—	(49)	—
Undistributed earnings of subsidiaries and affiliates	(490)	(373)	(3,236)
Revaluation of land	(294)	(292)	(1,942)
Net unrealized holding gain on securities	(14,121)	(12,214)	(93,263)
Other	(4,776)	(3,798)	(31,543)
Total deferred tax liabilities	(21,453)	(18,985)	(141,688)
Net deferred tax liabilities	¥ (8,971)	¥ (6,503)	\$ (59,250)

15. REVENUE RECOGNITION

(a) Information on disaggregation of revenue from contracts with customers

Information on disaggregation of revenue from contracts with customers is presented in the Segment Information. (Refer to Note 25.)

(b) Information that forms the basis for understanding revenues from contracts with customers

The information that forms the basis for understanding revenues is presented in the Summary of significant accounting policies. (Refer to Note 2(p).)

(c) Information about the relationship between the fulfillment of performance obligations based on the contract with the customer and the cash flow generated from the contract, and the amount and recognition timing of revenue from the contract with the customer existing at the end of the current fiscal year expected to be recognized in the following fiscal year

- (i) Contract balances
- The following is a breakdown of contract balances of the Company and its consolidated subsidiaries for the current fiscal year. In the consolidated balance sheets, receivables and contract assets based on contracts with customers are included in "Notes and accounts receivable and contract assets" and contract liabilities are included in "Other current liabilities." At the end of the previous fiscal year and the end of the current fiscal year, the beginning balance of contract liabilities were transferred to revenue by the end of the fiscal year, and the amount carried forward from the next fiscal year onward is not significant.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Receivables from contracts with customers	¥ 320,347	¥ 302,105	\$ 2,115,759
Contract assets	778	—	5,138
Contract liabilities	4,581	4,822	30,256

As of March 31, 2024, accounts receivable and notes receivable from contracts with customers included in the table above are ¥273,699 million (\$1,807,668 thousand) and ¥46,648 million (\$308,091 thousand), respectively.

- (ii) Transaction price allocated to remaining performance obligations
- Since there are no transactions with individual expected contract terms exceeding one year, the practical expedient method is applied and information on remaining performance obligations is omitted. There is no material consideration with respect to contracts with customers that is not included in the transaction price.

16. SHAREHOLDERS' EQUITY

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account.

Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's capital reserve included in capital surplus at March 31, 2024 amounted to ¥9,634 million (\$63,629 thousand). In addition, the Company's legal reserve included in retained earnings at March 31, 2024 amounted to ¥2,424 million (\$16,010 thousand).

Under the Law, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding 50% of the proceeds of the sale of new shares as additional paid-in capital.

Movements in common stock during the years ended March 31, 2024 and 2023 are summarized as follows:

	Number of shares			
	2024			
	April 1, 2023	Increase	Decrease	March 31, 2024
Common stock	117,908,285	—	—	117,908,285
	2023			
	April 1, 2022	Increase	Decrease	March 31, 2023
Common stock	120,908,285	—	3,000,000	117,908,285

17. TREASURY STOCK

Movements in treasury stock during the years ended March 31, 2024 and 2023 are summarized as follows:

	Number of shares			
	2024			
	April 1, 2023	Increase	Decrease	March 31, 2024
Treasury stock	786,718	3,360,097	3,700	4,143,115
	2023			
	April 1, 2022	Increase	Decrease	March 31, 2023
Treasury stock	881,767	2,904,951	3,000,000	786,718

(*) Treasury stock at the end of the current fiscal year does include 288,500 shares of the Company's shares held by the Stock-Granting Trust for Directors.

The increase in treasury stock includes 3,359,600 shares resulting from the purchases of treasury stock by resolution of the Board of Directors and 497 shares resulting from the purchase of shares less than one voting unit for the year ended March 31, 2024. The decrease in treasury stock includes 3,700 shares resulting from the grant of treasury stock by the Stock-Granting Trust for Directors.

The increase in treasury stock includes 2,612,300 shares resulting from the purchases of treasury stock by resolution

of the Board of Directors, 292,200 shares resulting from the purchases of treasury stock by the Stock-Granting Trust for Directors and 451 shares resulting from the purchase of shares less than one voting unit for the year ended March 31, 2023. The decrease in treasury stock includes 3,000,000 shares resulting from the retirement of treasury stock by resolution of the Board of Directors for the year ended March 31, 2023.

18. FINANCIAL INSTRUMENTS

(a) Policy for financial instruments

With regard to the Group's financing policy, short-term working funds are raised by bank borrowings or issuance of commercial papers and long-term funds are raised by bank borrowings and the issuance of bonds. The policy for derivative transactions is that those are utilized to mitigate the fluctuation risk related to foreign currency exchange rates arising from the receivables and payables denominated in foreign currencies, and fluctuation risk related to interest rates with respect to loans payable, and derivative transactions are not carried out for speculative purposes.

(b) Types of financial instruments, related risk and risk management for financial instruments

Receivables such as trade notes and accounts receivable are exposed to customers' credit risks. With regard to this risk, the Group manages the settlement date by each customer, and establishes credit limits by each customer based on the Group's internal credit rating policy and monitors outstanding balances. The Group establishes system under which the credit status by each customer is reviewed at least once a year and the sales limit amount updated as necessary.

In the cases of notes and accounts receivable or payable denominated in foreign currencies, foreign currency forward exchange contracts are used to hedge the risk of fluctuation. However, for foreign currency transactions denominated in the same currency involving either payables or receivables,

foreign currency forward exchange contracts are used solely for the netted position.

Investments in securities are subject to market price fluctuation risk. However, these are mainly equity securities of other companies with which the Group has business relationships. The Group regularly monitors both their fair value and the financial condition of the issuer. The Group also reviews as needed the condition of its holdings with concern to the status of business and financial transactions.

Short-term loans are raised primarily in connection with business activities. Long-term loans and bonds are taken out principally for the purpose of making capital spending, investments and financing. Loans with variable interest rates are subject to the risk of fluctuating interest rates. However, to reduce such risk, the Group utilizes derivatives (interest-rate swap transactions) as a hedging instrument.

Derivatives include foreign currency forward exchange contracts to manage fluctuation risk in foreign currency exchange rates and interest-rate swaps to manage fluctuation risk of interest rates related to the interest payments for bank loans.

In addition, notes and accounts payable and bank loans are exposed to liquidity risk. However, the Group manages such risk by monitoring the balance of inflow and outflow of cash and establishing liquidity on hand in excess of half of the amount of monthly net sales.

(c) Fair value of financial instruments

The carrying value of financial instruments on the consolidated balance sheets, fair value and the differences as of March 31, 2024 and 2023, are shown in the following table. Financial instruments for which fair value is deemed extremely difficult to determine are not included.

	Millions of yen		
	2024		
	Carrying value	Fair value	Difference
Assets			
Notes and accounts receivable	¥ 320,347	¥ 320,347	¥ —
Investments in securities (*2)			
Other securities	61,116	61,116	—
Total assets	¥ 381,464	¥ 381,464	¥ —
Liabilities			
Notes and accounts payable	¥ 156,352	¥ 156,352	¥ —
Bonds	20,000	19,292	(708)
Long-term loans	27,533	27,173	(359)
Total liabilities	¥ 203,885	¥ 202,818	¥ (1,067)
Derivatives (*3)			
Not subject to hedge accounting	¥ (327)	¥ (327)	¥ —
Subject to hedge accounting	169	169	—
Total derivative transactions	¥ (158)	¥ (158)	¥ —

	Millions of yen		
	2023		
	Carrying value	Fair value	Difference
Assets			
Notes and accounts receivable	¥ 302,105	¥ 302,105	¥ —
Investments in securities (*2)			
Other securities	55,849	55,849	—
Total assets	¥ 357,955	¥ 357,955	¥ —
Liabilities			
Notes and accounts payable	¥ 140,438	¥ 140,438	¥ —
Bonds	30,000	29,580	(420)
Long-term loans	32,697	32,286	(410)
Total liabilities	¥ 203,135	¥ 202,304	¥ (830)
Derivatives (*3)			
Not subject to hedge accounting	¥ (405)	¥ (405)	¥ —
Subject to hedge accounting	(11)	(11)	—
Total derivative transactions	¥ (416)	¥ (416)	¥ —

	Thousands of U.S. dollars		
	2024		
	Carrying value	Fair value	Difference
Assets			
Notes and accounts receivable	\$ 2,115,759	\$ 2,115,759	\$ —
Investments in securities (*2)			
Other securities	403,646	403,646	—
Total assets	\$ 2,519,411	\$ 2,519,411	\$ —
Liabilities			
Notes and accounts payable	\$ 1,032,640	\$ 1,032,640	\$ —
Bonds	132,092	127,416	(4,676)
Long-term loans	181,844	179,466	(2,371)
Total liabilities	\$ 1,346,576	\$ 1,339,528	\$ (7,047)
Derivatives (*3)			
Not subject to hedge accounting	\$ (2,160)	\$ (2,160)	\$ —
Subject to hedge accounting	1,116	1,116	—
Total derivative transactions	\$ (1,044)	\$ (1,044)	\$ —

(*1) Cash is omitted from the notes. Time deposits, short-term loans, current portion of long-term loans, commercial papers, and current portion of bonds are omitted from the notes because their fair values approximate their carrying amounts due to their short maturities.
(*2) Stocks and other securities without market quotations are not included in "Investment securities (*2)". The carrying amount of such financial instruments on the consolidated balance sheet is as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unlisted equity securities	¥ 4,823	¥ 4,552	\$ 31,854
Investments in unconsolidated subsidiaries and affiliates	10,286	9,341	67,935
Total	¥ 15,109	¥ 13,893	\$ 99,789

(*3) Receivables and payables arising from derivative transactions are presented as a net value with the amount in parentheses representing a net liability position.

The redemption schedule for time deposits and notes and accounts receivable with maturity dates at March 31, 2024 is summarized as follows:

	Millions of yen	
	Within 1 year	Over 1 year and less than 5 years
Time deposits	¥ 59,197	¥ —
Notes and accounts receivable	320,347	—
Total	¥ 379,545	¥ —

	Thousands of U.S. dollars	
	Within 1 year	Over 1 year and less than 5 years
Time deposits	\$ 390,972	\$ —
Notes and accounts receivable	2,115,759	—
Total	\$ 2,506,737	\$ —

With respect to the redemption schedule of bonds, long-term loans and finance lease obligations, please refer to Note 11.

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to determine fair value.

Level 1 fair value:

In the inputs related to the calculation of observable fair value, fair value is calculated based on quoted market prices for assets or liabilities whose fair value are formed in an active market.

Level 2 fair value:

In the inputs related to the calculation of observable fair value, fair value is calculated by using inputs related to the calculation of fair value other than Level 1 input.

Level 3 fair value:

Fair value is calculated using inputs related to the calculation of unobservable fair value.

When multiple inputs that have a significant effect on fair value are used, fair value is classified into the level with the lowest priority in the fair value calculation among the levels to which those inputs belong.

Financial instruments recorded on the consolidated balance sheet at fair value.

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities				
Shares	¥ 61,116	¥ —	¥ —	¥ 61,116
Derivatives				
Forward exchange contracts	—	(158)	—	(158)
Total assets	¥ 61,116	¥ (158)	¥ —	¥ 60,958

	Millions of yen			
	2023			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities				
Shares	¥ 55,849	¥ —	¥ —	¥ 55,849
Derivatives				
Forward exchange contracts	—	(416)	—	(416)
Total assets	¥ 55,849	¥ (416)	¥ —	¥ 55,432

	Thousands of U.S. dollars			
	2024			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities				
Shares	\$ 403,646	\$ —	\$ —	\$ 403,646
Derivatives				
Forward exchange contracts	—	(1,044)	—	(1,044)
Total assets	\$ 403,646	\$ (1,044)	\$ —	\$ 402,602

Financial instruments other than those recorded on the consolidated balance sheets at fair value

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable	¥ —	¥ 320,347	¥ —	¥ 320,347
Total assets	¥ —	¥ 320,347	¥ —	¥ 320,347
Notes and accounts payable	—	156,352	—	156,352
Bonds	—	19,292	—	19,292
Long-term loans	—	27,173	—	27,173
Total liabilities	¥ —	¥ 202,818	¥ —	¥ 202,818

	Millions of yen					
	2023					
	Level 1	Level 2	Level 3	Total		
Notes and accounts receivable	¥ —	¥ 302,105	¥ —	¥ 302,105		
Total assets	¥ —	¥ 302,105	¥ —	¥ 302,105		
Notes and accounts payable	—	140,438	—	140,438		
Bonds	—	29,580	—	29,580		
Long-term loans	—	32,286	—	32,286		
Total liabilities	¥ —	¥ 202,304	¥ —	¥ 202,304		

	Thousands of U.S. dollars					
	2024					
	Level 1	Level 2	Level 3	Total		
Notes and accounts receivable	\$ —	\$ 2,115,759	\$ —	\$ 2,115,759		
Total assets	\$ —	\$ 2,115,759	\$ —	\$ 2,115,759		
Notes and accounts payable	—	1,032,640	—	1,032,640		
Bonds	—	127,416	—	127,416		
Long-term loans	—	179,466	—	179,466		
Total liabilities	\$ —	\$ 1,339,528	\$ —	\$ 1,339,528		

Explanation of valuation techniques used, and inputs related to the calculation of fair value.

- (i) Notes and accounts receivable

The fair value of notes and accounts receivable is calculated based on the present values classified by the certain period of times which are discounted respectively by the interest rate determined taking into account the remaining period to maturity and is classified as Level 2.
- (ii) Investment securities

Listed stocks are valued by using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1.
- (iii) Derivative

Fair value is calculated based on prices, etc., provided by counterparty financial institutions and is classified as Level 2.
The fair value of foreign currency forward exchange contracts and other derivatives that applied the allocation method is included in the fair value of the underlying accounts receivable and payable.
The fair value of interest rate swaps that applied the exceptional accounting treatment is included in the long-term loans because it is accounted for as if the interest rates applied to the swaps had originally applied to the underlying long-term loans.
- (iv) Notes and accounts payable

The fair value of notes and accounts payable is calculated based on the present values classified by the certain period of times which are discounted respectively by the interest rate determined taking into account the remaining period to maturity and is classified as Level 2.
- (v) Bonds

The fair value of bonds issued by the Company is calculated based on quoted market prices and classified as Level 2.
- (vi) Long-term loans

The fair value of long-term loans payable is calculated based on the present value of the total of principal and interest discounted by the incremental borrowing rate and is classified as Level 2.

19. DERIVATIVES AND HEDGING ACTIVITIES

The currency-related derivatives positions outstanding for which hedge accounting has not been applied at March 31, 2024 and 2023 are as follows:

Classification	Transaction	Millions of yen			
		2024			
		Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	¥ 4,954	¥ —	¥ (115)	¥ (115)
	Yen	146	—	1	1
	Euro	13,865	—	(253)	(253)
	RMB	457	—	(6)	(6)
	IDR	2,271	—	16	16
	Others	571	—	(9)	(9)
	Buying:				
	U.S. dollars	3,969	—	68	68
	Yen	3,307	—	(35)	(35)
	Euro	200	—	6	6
	Others	237	—	(0)	(0)
Total		¥ 29,981	¥ —	¥ (327)	¥ (327)

Classification	Transaction	Millions of yen			
		2023			
		Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	¥ 5,287	¥ —	¥ (61)	¥ (61)
	Yen	226	—	(2)	(2)
	Euro	13,918	—	(283)	(283)
	RMB	311	—	0	0
	IDR	2,002	—	(37)	(37)
	Others	152	—	(2)	(2)
	Buying:				
	U.S. dollars	4,770	—	(20)	(20)
	Yen	3,045	—	(2)	(2)
	Euro	186	—	5	5
	Others	165	—	(0)	(0)
Total		¥ 30,066	¥ —	¥ (405)	¥ (405)

		Thousands of U.S. dollars			
		2024			
Classification	Transaction	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the- counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	\$ 32,719	\$ —	\$ (760)	\$ (760)
	Yen	964	—	7	7
	Euro	91,573	—	(1,671)	(1,671)
	RMB	3,018	—	(40)	(40)
	IDR	14,999	—	106	106
	Others	3,771	—	(59)	(59)
	Buying:				
	U.S. dollars	26,214	—	449	449
	Yen	21,841	—	(231)	(231)
	Euro	1,321	—	40	40
	Others	1,565	—	(1)	(1)
	Total	\$ 198,012	\$ —	\$ (2,160)	\$ (2,160)

The currency-related derivatives positions outstanding for which hedge accounting has been applied at March 31, 2024 and 2023 are as follows:

		Millions of yen			
		2024			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars		¥ —	¥ —	¥ —
	Euro	Accounts	407	—	(8)
	RMB	receivable	115	—	(1)
	Others		104	—	(1)
	Buying:				
	U.S. dollars		3,522	—	163
	Euro	Accounts	489	—	17
	RMB	payable	22	—	0
Allocation method for foreign currency forward exchange contracts (Note 2(p))	Others		18	—	(0)
	Foreign currency forward exchange contracts:				
	Buying:				
	U.S. dollars	Accounts payable	9	—	(*)
Total			¥ 4,689	¥ —	¥ 169

		Millions of yen			
		2023			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars		¥ —	¥ —	¥ —
	Euro	Accounts	335	—	(8)
	RMB	receivable	72	—	0
	Others		17	—	(0)
	Buying:				
	U.S. dollars		5,480	—	(13)
	Euro	Accounts	359	—	11
	RMB	payable	57	—	0
	Others		67	—	0
Allocation method for foreign currency forward exchange contracts (Note 2(p))	Foreign currency forward exchange contracts:				
	Selling				
	Euro	Accounts	110	—	(*)
	Others	receivable	12	—	(*)
	Buying:				
	Euro		202	—	(*)
	THB	Accounts	122	—	(*)
Total	Others	payable	12	—	(*)
	Total		¥ 6,850	¥ —	¥ (11)

		Thousands of U.S. dollars			
		2024			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars		\$ —	\$ —	\$ —
	Euro	Accounts	2,688	—	(53)
	RMB	receivable	760	—	(7)
	Others		687	—	(1)
	Buying:				
	U.S. dollars		23,261	—	1,077
	Euro	Accounts	3,230	—	112
	RMB	payable	145	—	0
	Others		119	—	0
Allocation method for foreign currency forward exchange contracts (Note 2(p))	Foreign currency forward exchange contracts:				
	Selling				
	Euro	Accounts		—	(*)
	Others	receivable		—	(*)
	Buying:				
	U.S. dollars		59	—	(*)
	THB	Accounts		—	(*)
Total	Others	payable		—	(*)
	Total		\$ 30,969	\$ —	\$ 1,116

(*): The fair value of foreign currency forward exchange contracts that qualify for the allocation method is included in the fair value of the underlying accounts receivable and payable.

20. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2024 and 2023 totaled ¥5,987 million (\$39,542 thousand) and ¥5,755 million, respectively.

21. OPERATING LEASES

Future minimum lease payments subsequent to March 31, 2024 under noncancelable operating leases are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2025	¥ 321	\$ 2,120
2026 and thereafter	469	3,098
Total	¥ 790	\$ 5,218

22. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries had contingent liabilities as guarantors of loans of customers and other in the aggregate amount of ¥980 million (\$6,472 thousand) and ¥982 million (\$7,354 thousand) at March 31, 2024, and 2023, respectively. The amount of guarantees was previously disclosed based on an actual loan execution amount; however, from the current fiscal year the maximum limit of the guarantees is disclosed.

In addition, the Company and its consolidated subsidiaries had contingent liabilities arising from notes discounted with banks in the amounts of ¥252 million (\$1,664 thousand) and ¥355 million (\$2,659 thousand) at March 31, 2024, and 2023, respectively.

23. AMOUNTS PER SHARE

Amounts per share at March 31, 2024 and 2023 and for the years then ended are as follows:

	Yen		U.S. dollars
	2024	2023	2024
Profit attributable to owners of parent:			
Basic	¥ 194.96	¥ 199.54	\$ 1.29
Diluted	—	—	—
Net assets	3,463.84	3,139.26	22.88
Cash dividends applicable to the year	80.00	70.00	0.53

Basic profit attributable to owners of parent per share has been computed based on the profit attributable to owners of parent available for distribution to the shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Diluted profit attributable to owners of parent per share for the years ended March 31, 2024 and 2023 has not been presented because no potentially dilutive shares of common stock were outstanding.

Net assets per share have been computed based on the number of shares of common stock outstanding at the year end. Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

The Company's shares held by the Stock-Granting Trust for Directors are included in treasury stock in shareholders' equity. These are excluded from the total number of issued shares at the end of the period when calculating net assets per share. Also, these are excluded from the calculation of average number of shares during the period when calculating profit attributable to owners of parent per share.

The number of such shares at the end of the period excluded from the calculation of net assets per share was 288,500 shares, while the average number of shares during the period excluded from the calculation of profit attributable to owners of parent per share was 289,923 shares.

The financial data used in the computation of basic profit attributable to owners of parent per share for the years ended March 31, 2024 and 2023 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Profit attributable to owners of parent	¥ 22,402	¥ 23,625	\$ 147,956
Profit available for distribution to shareholders of common stock	22,402	23,625	147,956
Weighted-average number of shares	114,911,971	118,398,261	

24. CASH AND TIME DEPOSITS

A reconciliation of cash and time deposits in the accompanying consolidated balance sheets at March 31, 2024 and 2023 and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years then ended is as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash and time deposits	¥ 59,410	¥ 40,897	\$ 392,378
Time deposits with maturities of more than three months	(225)	(565)	(1,486)
Cash and cash equivalents	¥ 59,185	¥ 40,331	\$ 390,892

25. SEGMENT INFORMATION

(a) Overview of reportable segments

(Change in Business Segments)

On October 1, 2023, the Company integrated its original 11 business departments into 7 to streamline business operations by expanding the scale and functions of each department. The integration of business departments resulted in the following changes to business segments.

The Color & Advanced Processing Department of the Advanced Materials & Processing segment was abolished and integrated into the Performance Chemicals Department of the Functional Materials segment, and the Polymers Global Account Department of the Advanced Materials & Processing segment.

Segment information for the previous fiscal year reflects this reclassification.

The following describes the major products and services handled by each reportable segment.

The Functional Materials segment is engaged in the sales of paints/inks, dyestuffs, pigments, additives, processed pigments, dispersing elements, functional pigments, thermal paper materials, toner and inkjet materials, materials for adhesives, urethane materials and auxiliary materials, plastic materials, plastic additives, industrial oil solutions, water processing raw materials, surfactant raw materials, fluorochemicals, encapsulant materials, 5G materials, silicone materials, environmental solutions and environment-related commercial products, sintered metal filters, conductive coatings, and more for the paints/inks, dye/additive, resins, urethane foam, organic synthesis, surfactants, electronics

chemicals, digital print processing materials, communications equipment, water processing, metal processing, plastic and film processing, stationery, functional film and sheet, hygiene materials, and other industries.

The Advanced Materials & Processing Segment is engaged in the sales of thermoplastic resins, thermosetting resins, plastics products, resin molding tools/dies, and more for the plastic compounds, masterbatch, raw resin material, resin molding, appliance and office automation device, electronics, packaging material, daily commodities, household goods, construction material, and other industries.

The Electronics & Energy Segment is engaged in the sales of formulated epoxy resins, fluorine products, precision abrasives, semiconductor assembly materials and devices, adhesives and encapsulant materials, display panel components and devices, chemical management equipment for display manufacturing processes, low-temperature/ vacuum equipment, liquid state analysis equipment, LEDs, 3D printing products, solar panels, and other products for the semiconductor, electronic component, AR/VR, environmental energy, 3D printing, heavy electrical and light electrical, HDD, automotive and aircraft, display, touch panel, housing, lighting, renewable energy, large-scale commercial facility, and other industries.

The Mobility Segment is engaged in the sales of plastic products in general, materials for secondary batteries, interior and exterior materials, materials for functional components, products for electrification, sensor components, in-vehicle electronics products, in-vehicle display-related components,

self-driving-related products, and other products for the overall mobility industry and related industries.

The Life & Healthcare segment is engaged in the sale of pharmaceutical/agricultural chemicals and materials, research products, in vitro diagnostics, enzymes, food additives, food ingredients, sports nutrition products, nutrient premixes, additives for cosmetics, feeds, surfactants, and medical appliances for the pharmaceutical, food and beverage, cosmetics, agricultural, toiletries, and health care, and other industries. The segment offers radiation measurement and sleep measurement as one of its main services. In addition,

this segment sells cosmetics, health foods, and beauty foods directly to consumers.

(b) Calculation methods of net sales, income or loss, assets, and other items by reportable segments

The accounting policies of reportable segments are generally identical to those described in Note 2. Reportable segment income corresponds to operating income in the consolidated statements of income. Intersegment internal income and transfers are determined based on the values of transactions at actual market prices.

(c) Information on net sales, income or loss, assets and other items for each reportable segment

Information by reportable segments for the year ended March 31, 2024 and 2023 are as follows:

	Millions of yen										
	2024										
	Reportable Segments										
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Total	Corporate	Adjustments	Consolidated
Sales to customers	¥146,804	¥198,543	¥144,758	¥132,117	¥277,779	¥900,003	¥ 146	¥900,149	¥ —	¥ —	¥900,149
Intersegment sales and transfers	1,709	792	3,068	2,798	471	8,839	7,251	16,090	—	(16,090)	—
Net sales	148,513	199,335	147,826	134,915	278,251	908,842	7,398	916,240	—	(16,090)	900,149
Segment income	8,629	6,804	11,327	4,933	10,321	42,016	79	42,095	(12,007)	529	30,618
Segment assets	131,559	104,394	84,087	74,881	245,132	640,056	3,142	643,198	203,748	(54,610)	792,336
Other items											
Depreciation and amortization other than amortization of goodwill	916	725	1,803	388	7,291	11,126	18	11,145	2,853	—	13,998
Amortization of goodwill	143	—	54	—	2,429	2,627	—	2,627	—	—	2,627
Unamortized balance of goodwill	1,992	—	444	—	25,447	27,884	—	27,884	—	—	27,884
Investments in affiliates accounted for by the equity method	2,649	1,128	2,994	1,332	3,351	11,456	111	11,567	—	(4)	11,563
Increase in property, plant and equipment, net and intangible assets	1,262	1,159	3,189	325	4,367	10,304	60	10,364	9,648	—	20,012

	Millions of yen										
	2023										
	Reportable Segments										
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Total	Corporate	Adjustments	Consolidated
Sales to customers	¥156,161	¥220,955	¥136,975	¥125,560	¥273,161	¥912,815	¥ 81	¥912,896	¥ —	¥ —	¥912,896
Intersegment sales and transfers	799	776	2,580	2,257	490	6,903	7,439	14,343	—	(14,343)	—
Net sales	156,961	221,731	139,555	127,817	273,651	919,718	7,521	927,239	—	(14,343)	912,896
Segment income	10,486	7,678	9,273	4,794	10,581	42,814	108	42,922	(9,932)	381	33,371
Segment assets	130,562	113,358	77,666	74,739	240,442	636,769	3,221	639,990	189,535	(66,836)	762,688
Other items											
Depreciation and amortization other than amortization of goodwill	817	1,100	1,608	468	6,536	0,531	19	10,551	1,826	—	12,377
Amortization of goodwill	134	—	51	—	2,359	2,545	—	2,545	—	—	2,545
Unamortized balance of goodwill	1,890	—	442	—	26,671	29,004	—	29,004	—	—	29,004
Investments in affiliates accounted for by the equity method	1,957	1,297	2,562	1,259	3,268	10,344	104	10,449	—	(0)	10,448
Increase in property, plant and equipment, net and intangible assets	1,591	1,006	1,908	279	5,737	10,524	7	10,531	6,642	—	17,174

	Thousands of U.S. dollars										
	2024										
	Reportable Segments										
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Total	Corporate	Adjustments	Consolidated
Sales to customers	\$ 969,579	\$1,311,294	\$ 956,066	\$ 872,578	\$1,834,615	\$5,944,145	\$ 964	\$5,945,109	\$ —	\$ —	\$5,945,109
Intersegment sales and transfers	11,287	5,231	20,263	18,480	3,111	58,378	47,890	106,268	—	(106,268)	—
Net sales	980,867	1,316,525	976,329	891,057	1,837,732	6,002,523	48,861	6,051,384	—	(106,268)	5,945,109
Segment income	56,991	44,938	74,810	32,580	68,166	277,498	522	278,020	(79,301)	3,494	202,219
Segment assets	868,892	689,479	555,360	494,558	1,618,995	4,227,303	20,752	4,248,055	1,345,671	(360,676)	5,233,049
Other items											
Depreciation and amortization other than amortization of goodwill	6,050	4,788	11,908	2,563	48,154	73,483	119	73,608	18,843	—	92,451
Amortization of goodwill	944	—	357	—	16,043	17,350	—	17,350	—	—	17,350
Unamortized balance of goodwill	13,156	—	2,932	—	168,067	184,162	—	184,162	—	—	184,162
Investments in affiliates accounted for by the equity method	17,496	7,450	19,774	8,797	22,132	75,662	733	76,395	—	(26)	76,369
Increase in property, plant and equipment, net and intangible assets	8,335	7,655	21,062	2,146	28,842	68,054	396	68,450	63,721	—	132,171

(d) Geographical information

Net sales by country or region for the years ended March 31, 2024 and 2023 are summarized as follows:

Millions of yen								
2024								
	Reportable Segments						Total	Composition (%)
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Others (Note) 3		
Japan	¥ 64,933	¥ 34,694	¥ 56,442	¥ 42,163	¥ 70,490	¥ 146	¥268,872	29.9
Greater China	17,881	96,356	59,803	31,724	3,866	—	209,632	23.3
ASEAN	34,198	60,586	7,403	37,665	6,200	—	146,053	16.2
Americas	22,847	4,509	8,880	18,716	123,756	—	178,710	19.9
Europe	5,899	1,133	4,021	1,562	73,068	—	85,685	9.5
Other	1,044	1,263	8,206	285	396	—	11,196	1.2
Revenues from contracts with customers	146,804	198,543	144,758	132,117	277,779	146	900,149	100.0
Net sales to customers	146,804	198,543	144,758	132,117	277,779	146	900,149	100.0

1. Net sales are categorized by country or region, according to the location of the Company and the consolidated subsidiaries.
2. Major countries and regions in each category other than Japan

(1) Greater China..... China, Hong Kong, Taiwan

(2) ASEAN Thailand, Vietnam, Indonesia

(3) Americas..... U.S., Mexico

(4) Europe..... U.K., Germany

(5) Other Korea
3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services, and professional service.

Millions of yen								
2023								
	Reportable Segments						Total	Composition (%)
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Others (Note) 3		
Japan	¥ 67,087	¥ 39,362	¥ 51,955	¥ 39,817	¥ 67,103	¥ 81	¥265,407	29.1
Greater China	20,504	108,088	56,943	33,499	3,276	—	222,312	24.4
ASEAN	35,916	67,243	7,540	36,541	5,507	—	152,750	16.7
Americas	24,238	3,625	6,929	14,039	122,538	—	171,370	18.8
Europe	7,172	1,094	4,712	1,321	74,386	—	88,686	9.7
Other	1,242	1,540	8,893	342	349	—	12,368	1.3
Revenues from contracts with customers	156,161	220,955	136,975	125,560	273,161	81	912,896	100.0
Net sales to customers	156,161	220,955	136,975	125,560	273,161	81	912,896	100.0

1. Net sales are categorized by country or region, according to the location of the Company and the consolidated subsidiaries.
2. Major countries and regions in each category other than Japan

(1) Greater China..... China, Hong Kong, Taiwan

(2) ASEAN Thailand, Vietnam, Indonesia

(3) Americas..... U.S., Mexico

(4) Europe..... U.K., Germany

(5) Other Korea
3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services, and professional service.

Thousands of U.S. dollars

2024								
	Reportable Segments						Total	Composition (%)
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Others (Note) 3		
Japan	\$ 428,855	\$ 229,139	\$ 372,776	\$ 278,469	\$ 465,557	\$ 964	\$1,775,788	29.9
Greater China	118,097	636,391	394,974	209,524	25,533	—	1,384,532	23.3
ASEAN	225,864	400,145	48,894	248,762	40,948	—	964,619	16.2
Americas	150,895	29,780	58,649	123,611	817,357	—	1,180,305	19.9
Europe	38,960	7,483	26,557	10,316	482,584	—	565,914	9.5
Other	6,895	8,342	54,197	1,882	2,615	—	73,945	1.2
Revenues from contracts with customers	969,579	1,311,294	956,066	872,578	1,834,615	964	5,945,109	100.0
Net sales to customers	969,579	1,311,294	956,066	872,578	1,834,615	964	5,945,109	100.0

1. Net sales are categorized by country or region, according to the location of the Company and the consolidated subsidiaries.
2. Major countries and regions in each category other than Japan

(1) Greater China..... China, Hong Kong, Taiwan

(2) ASEAN Thailand, Vietnam, Indonesia

(3) Americas..... U.S., Mexico

(4) Europe..... U.K., Germany

(5) Other Korea
3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services, and professional service.

Information of major customers not presented here, since no single customer accounts for 10% or more of consolidated net sales.

Property, plant and equipment by country or region as of March 31, 2024 and 2023 are summarized as follows:

Millions of yen			
2024			
Japan	Americas	Other	Total
¥ 58,943	¥ 21,458	¥ 6,990	¥ 87,392

Millions of yen		
2023		
Japan	Other	Total
¥ 59,807	¥ 22,257	¥ 82,064

Thousands of U.S. dollars			
2024			
Japan	Americas	Other	Total
\$ 389,294	\$ 141,721	\$ 46,166	\$ 577,188

(e) Information on loss on impairment of fixed assets per reportable segments

Loss on impairment of fixed assets for the years ended March 31, 2024 and 2023 is as follows:

Millions of yen									
2024									
	Reportable Segments						Others	Eliminations or corporate	Total
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total			
Loss on impairment of fixed assets	¥ 2,276	¥ —	¥ —	¥ —	¥ —	¥ 2,276	¥ —	¥ —	¥ 2,276

The Functional Materials segment recorded impairment losses of ¥2,276 million for business-use assets etc. related to color former manufacturing business due to declining profitability. The Company wrote down the book value of these assets to their recoverable amounts.

	Millions of yen								
	2023								
	Reportable Segments								
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Eliminations or corporate	Total
Loss on impairment of fixed assets	¥ —	¥ 2,825	¥ 12	¥ —	¥ —	¥ 2,838	¥ —	¥ —	¥ 2,838

The Company conducted a review of the future business plans for the business-use assets for the products and manufacturing process development business related to resins and for the development and manufacturing business in connection with water-soluble support materials for 3D printing, both in the Advanced Materials & Processing segment. As a result, the Company determined that future cash flows fell below book value. Therefore, the Company wrote down the book value of these assets to their recoverable amounts and recorded impairment losses of ¥2,285 million and ¥539 million, respectively.

Thousands of U.S. dollars									
2024									
Reportable Segments									
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total	Others	Eliminations or corporate	Total
Loss on impairment of fixed assets	\$ 15,032	\$ —	\$ —	\$ —	\$ —	\$ 15,032	\$ —	\$ —	\$ 15,032

26. RELATED PARTY TRANSACTION

A consolidated subsidiary of the Company recorded the following related-party transactions for the years ended March 31, 2024 and 2023:

Name of related party	Relationship with the related party	Description of the transaction	Account	Millions of yen		Thousands of U.S. dollars
				2024	2023	2024
315 Fullerton LLC (*1)	A director of a consolidated subsidiary of the Company owns a majority of the voting rights of the entity.	Rental of real estate (*2)	Rent payment for real estate	¥ 49	¥ 45	\$ 324
LivPure LLC (*3)	A close family member of a director of a consolidated subsidiary of the Company owns a majority of the voting rights of the entity.	Sale of products (*4)	Sale of sports nutrition products	21 (*3)	26	\$ 139 (*3)
			Accounts receivable	— (*5)	21	— (*5)
Total				¥ 70	¥ 92	\$ 462

(*1): Mr. Donald K. Thorp, a director of Prinova Group, LLC, which is a consolidated subsidiary of the Company, owns 77% of the voting rights.
(*2): Rent is determined taking the transactions in the neighboring area into consideration.
(*3): A close family member of Mr. Donald K. Thorp, a director of Prinova Group, LLC, which is a consolidated subsidiary of the Company, owned 67% of the voting rights. However, due to the sale of the shares as of January 2024, the entity is no longer classified as one in which a close family member of a director of a consolidated subsidiary of the Company owns a majority of the voting rights. The transaction amounts represent the amounts during the period when the entity was classified as a related party.
(*4): Transaction terms relating to sale of products, and policies on determination of transaction terms are determined in the same manner as general transactions.
(*5): As of the end of the fiscal year, the entity is not classified as a related party, so the balance of accounts receivable at the end of the period is not shown.

27. SUBSEQUENT EVENTS

(a) Cash Dividends

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2024, was approved at a meeting of the shareholders held on June 21, 2024:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥40.0 = U.S.\$ 0.26 per share)	¥ 4,562	\$ 30,130

(*): Total amount of dividends for common stock of 4,562 million yen includes dividends of 11 million yen in relation to the Company's shares held by the Stock-Granting Trust for Directors.

(b) Acquisition of treasury stock

The Company resolved matters relating to the acquisition of treasury stock at the meeting of its Board of Directors held on May 8, 2024 as follows, pursuant to the provision of Article 156, as applied pursuant to Article 165, paragraph (3) of the Companies Act.

- (1) Reason for the acquisition of treasury stock
The Company resolved at the Board of Directors meeting held on May 8, 2024 to change its shareholder returns policy under the Medium-term Management Plan ACE 2.0, to implement total return ratio of 100% as a tentative measure for two years. The Company will acquire treasury stock in accordance with this policy.
- (2) Details of matters relating to the acquisition
(i) Type of shares to be acquired
Common shares of the Company
(ii) Total number of shares that can be acquired
5,500,000 shares (maximum) (4.82% of total number of issued shares (excluding treasury stock))
(iii) Total value of shares that can be acquired
10 billion yen (maximum)
(iv) Acquisition period
From May 9, 2024 to October 31, 2024
(v) Acquisition method
To be purchased on the market

(c) Cancellation of treasury stock

The Company resolved on matters relating to the cancellation of treasury stock at the meeting of its Board of Directors held on May 8, 2024 as follows, pursuant to the provision of Article 178 of the Companies Act.

- (i) Type of shares to be cancelled
Common shares of the Company
(ii) Number of shares to be cancelled
3,000,000 shares (2.54% of total number of issued shares (including treasury stock))
(iii) Date of cancellation
May 31, 2024

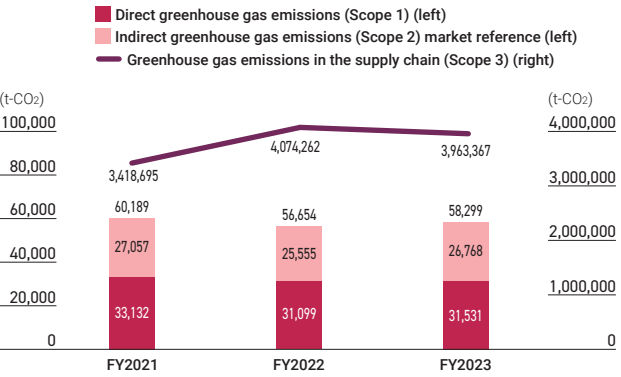
* Reference: Treasury stock held as of April 30, 2024
Total number of issued shares (excluding treasury stock) 114,053,648 shares
Number of treasury stock 3,854,637 shares
(*) Treasury stock in the above table does not include 288,500 shares of the Company's shares held by the Stock-Granting Trust for Directors.

Non-Financial Highlights

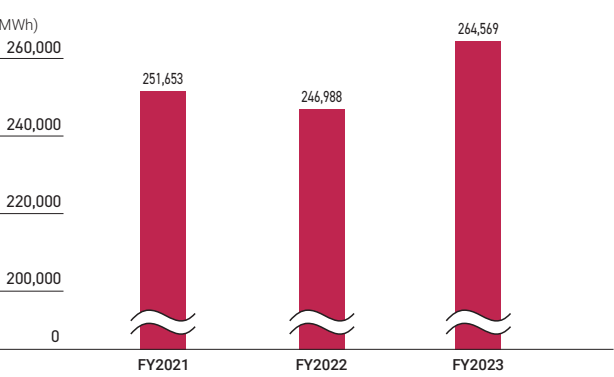
Environment

We share environmental data, including greenhouse gas (GHG) emissions as established in the NAGASE Group Carbon Neutral Declaration from trading and manufacturing businesses and promote business while giving consideration toward the environment.

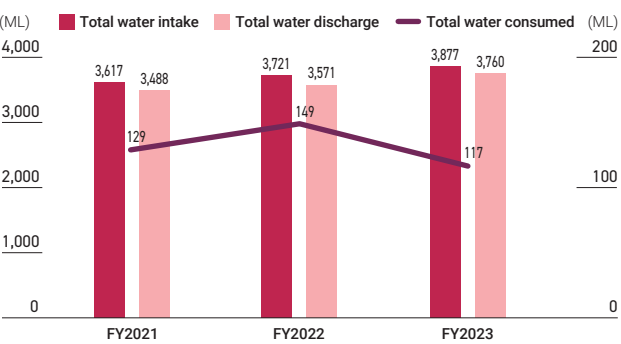
Greenhouse gas emissions in our business activities



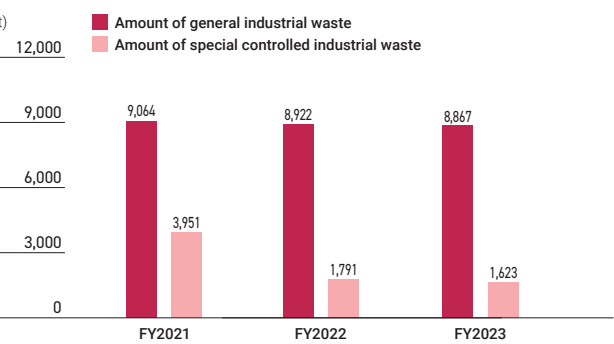
Energy use



Use of water resources



Amount of waste



External evaluation

Government Pension Investment Fund (GPIF) ESG Index

NAGASE Group has been selected as a component stock of all six ESG investment indices adopted by the GPIF. (as of October 2024)

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Nagase & Co., Ltd. has qualified for inclusion in the FTSE Blossom Japan Sector Relative Index based on independent research. The FTSE Blossom Japan Sector Relative Index is widely used to create and evaluate sustainable investment funds and other financial products. The inclusion of Nagase & Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute sponsorship, endorsement, or promotion of Nagase & Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. The MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Other external evaluations

The NAGASE Group has been the subject of sustainability assessments by EcoVadis. Hayashibara Co., Ltd. (now Nagase Viita Co., Ltd.) received a Platinum rating, and Nagase & Co., Ltd. received a Silver rating. (The evaluation for the NAGASE Group as a whole is that of Nagase & Co., Ltd.)


The NAGASE Group received the following ratings from the CDP:
Climate change: A- (A minus)
Water security: A (the highest possible rating)
Forests: B
Supplier Engagement Assessment: A (Leader)

Corporate Information

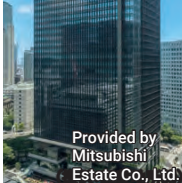
(As of March 31, 2024)

Overview


Company name	Nagase & Co., Ltd.		
Founded	June 18, 1832		
Establishment	December 9, 1917		
Capital	¥9,699 million		
Employees	975 (consolidated: 7,528)		
Main business	Import/export and domestic sales of chemicals, plastics, electronics materials, cosmetics raw materials and food ingredients		
	Sumitomo Mitsui Banking Corporation, MUFG Bank, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited		
	Osaka Head Office	1-1-17, Shinmachi, Nishi-ku, Osaka City, Osaka 550-8668 Tel: (81) 6-6535-2114	
	Tokyo Head Office	Tokiwabashi Tower, 2-6-4, Otemachi, Chiyoda-ku, Tokyo 100-8142 Tel: (81) 3-3665-3021	
	Nagoya Branch Office	3-28-12, Meieki, Nakamura-ku, Nagoya City, Aichi 450-6430 Tel: (81) 52-414-5056	
	Nagase Bio-Innovation Center	Kobe High Tech Park, 2-2-3, Murotani, Nishi-ku, Kobe City, Hyogo 651-2241 Tel: (81) 78-992-3162	
Nagase Application Workshop	2-4-45, Higashi Tsukaguchicho, Amagasaki City, Hyogo 661-0011 Tel: (81) 6-4961-6730		
Number of bases	106 companies in 25 countries and regions		
Number of manufacturing companies	43 companies in 15 countries and regions		
Number of sales and service companies	63 companies in 24 countries and regions		



Osaka Head Office



Tokyo Head Office

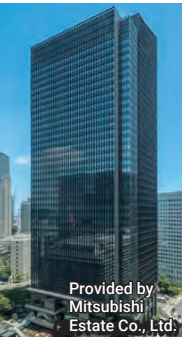


Nagoya Branch Office

Provided by Mitsubishi Estate Co., Ltd.



Osaka Head Office



Tokyo Head Office



Nagoya Branch Office

Organization (As of April 1, 2024)

